



LECTURE 2: New Economic Policy



TOPICS FOR THIS LECTURE

- New Economic Policy (NEP)
- National Development Policy (NDP)
- National Vision Policy (NVP)



1. THE NEW ECONOMIC POLICY

1.1 Background

- Racial riot on May 13, 1969, was mainly due to the economic imbalances, especially racial imbalances.
- For example: poverty 49% of households, unequal distribution of wealth, in terms of:
 - Race
 - Rural/urban
 - Agriculture / mining.
- Characteristics of the Malaysian Economy:
 - Rich endowment of natural resources
 - Multi-racial character, identification of race with economic function
 - Political stability
 - Numerous areas of polarization: race, rural/urban, rich/poor, East/West Malaysia, religion.



- ▶ Prior to 1970, Malaysia's development policy was primarily aimed at promoting growth with a strong emphasis on the export market.
- ▶ From a policy called the **import-substitution policy** just after independence to a policy called **export-expansion policy**.
- ▶ The main purpose of the import-substitution phase (1957 – 1968) was to reduce dependence on imported products.
- ▶ Due to the limited domestic market, the manufacturing sector declined, as such the government introduced the export-expansion policy (after 1968).
- ▶ Although the economy grew very rapidly during this period at an annual average of 6.0 per cent, there was insufficient emphasis on distributional aspects, resulting in socio-economic imbalances among the ethnic groups with negative social consequences in the form of a racial riot in 1969.



- The launching of the New Economic Policy (NEP) in 1971 was a watershed in the Malaysian economic policy history.
- The duration for the implementation of the New Economic Policy (NEP) was 20 years, from 1971 to 1990.
- This was to be achieved under four five-year Malaysia Plan:
 - MP2: 1971-1975
 - MP3: 1976-1980
 - MP4: 1981-1985
 - MP5: 1986-1990



▶ The NEP underscored the importance of achieving socio-economic goals alongside pursuing economic growth objectives as a way of creating harmony and unity in a nation with many ethnic and religious groups.

- ▶ The overriding goal was ***national unity***.
- ▶ To achieve this goal, ***two major strategies*** were adopted:
 - To *reduce absolute poverty* irrespective of race through raising income levels and increasing employment opportunities for all Malaysians; and
 - To *restructure society* to correct economic imbalances so as to reduce and eventually eliminate the identification of race with economic function.



- ▶ An equally critical aspect of the NEP was that it was premised upon a rapidly growing economy.
- ▶ Growth was a necessary condition so as to provide increased economic opportunities for the poor and other disadvantaged groups to enable them to move out of poverty and to participate in the mainstream economic activities.
- ▶ In addition, it ensured that distribution did not take place from the reallocation of existing wealth but from expanding and new sources of wealth.
- ▶ The implementation of the strategies to eradicate poverty and restructure the society resulted in a significant improvement in income distribution by 1990.



- ▶ The proportion of households living below the poverty line income declined from 49.3 per cent in 1970 to 16.5 per cent in 1990 and reduced further to 5.1 per cent in 2002.
- ▶ In terms of corporate equity restructuring, more than two thirds of corporate equity in Malaysia was owned by foreigners in 1970, while the Bumiputeras, the indigenous people who made up two thirds of the people, owned slightly over 2.0 per cent.
- ▶ The NEP set a restructuring target of 30 : 40 : 30, where by 1990, the holdings of the Bumiputeras should reach 30 per cent, other Malaysians 40 per cent and the foreigners 30 per cent, in the context of an expanding economy.



- ▶ In 1990, the Bumiputera share of equity amounted to 20.4 per cent of total corporate equity share and the holdings of other Malaysians reached 46.8 per cent and 25.1 per cent for foreign holdings.
- ▶ Although the Bumiputeras have not achieved the 30 percent equity ownership target by 1990, the progress made by them has been substantial compared to the position in 1970.
- ▶ By 2002, because the total value of corporate equity expanded rapidly, the holdings of all groups increased further in value in absolute terms.
- ▶ Although the share of foreign ownership fell to almost a third, its value increased by over 30 times compared with the position in 1970.



- ▶ Malaysia's poverty eradication strategy has always focused on human resource development and quality of life improvements.
- ▶ The relevant programs emphasize more on income-generating projects and not on welfare handouts, except in exceptional cases where direct assistance is provided.
- ▶ This is to ensure self-reliant among the poor to participate in mainstream economic activities.



► To Eradicate Poverty

- To eradicate poverty, it is important to raise income level and increase the standard of living of low-income group.
- The programs implemented included the provision for improved input and facilities in existing agricultural areas, the absorption of poor households into modern agriculture and other sectors through accelerated creation of productive employment opportunities, increased productivity, and the provision for social services and amenities such as education, health, housing, water and electricity.



- ▶ Most of the rural development strategies incorporate poverty eradication programs such as:
 - new land and in-situ development;
 - provision of drainage and irrigation infrastructure;
 - provision of agriculture support services;
 - encouraging the development of village/small industries;
 - provision of rural infrastructure including roads, electricity and water; and
 - social services such as health, schools, food supplementary and squatters resettlement.



► To Restructure Society

- The restructuring of society entailed the correction of the economic imbalance to eventually eliminate the identification of race based on economic function.
- Programs for this purpose included the modernization of rural life, the rapid and balanced development of urban activities, the establishment of new growth centers and the creation of a Malay commercial and industrial community in all levels of operation, to correct economic imbalance, and reduce identification of race due to economic function with the purpose that Malays and other indigenous groups would play full roles in all aspects of economic function.



Societal restructuring programs generally focus on the following strategies :

- Direct intervention by Government through the creation of specialized agencies to acquire economic interests and hold in-trust for Bumiputeras until such a time when they are capable of taking over;

For example, some specific requirements were introduced to achieve the 30% Bumiputra equity target set by the NEP. Amongst these was a requirement that all [initial public offerings](#) (IPOs) set aside a 30% share for Bumiputra investors. These investors could be selected by the company being listed on the [stock exchange](#), or the Ministry of International Trade and Industry, which would normally recommend such state-owned trust agencies as Permodalan Nasional Berhad or the Armed Forces pension fund.



- Introduction of specially designed rules and arrangements, whereby the involvement and participation of Bumiputeras are assisted and facilitated over a period;
- Provision of concessional fiscal and monetary support as part of the package towards entrepreneurial development;
- Accelerated programme for education and training;
 - For example, residential schools were established all over the country to accommodate bright Bumiputera students.
 - In addition, Bumiputeras were accorded quotas for admission to public universities.



- Increasing Bumiputera ownership through privatization projects;
 - For example, the privatization of many public owned companies such as Tenaga Nasional Berhad, Malaysia Airlines, Telekom Malaysia Berhad, and Proton Berhad.

- Reduce progressively, through overall economic growth, the imbalances in employment so that employment by sectors and occupational levels would reflect racial composition.





11 Results of NEP

- Wealth in the hands of the bumiputeras went from 4% in 1970 to about 20% in 1997.
- The overall wealth of the country as a whole also grew; per capita GNP went from RM1,142 in 1970 to RM12,102 in 1997.
- During the same period, absolute poverty in the population as a whole dropped from 50% to 6.8%.
- Bumiputera participation in the professions and private sector increased as well, although Bumiputeras remain somewhat under-represented.
- Between 1970 and 1990, the Bumiputra share of accountants doubled from 7 to 14 per cent, engineers from 7 to 35 per cent, doctors from 4 per cent to 28 per cent, and architects from 4 to 24 per cent.



- The Bumiputera portion of the share market — a figure frequently cited as "a measurement of overall community wealth" — increased from 2 to 20 per cent over the same period.
- The Chinese share also increased from 37 to 46 per cent, at the expense of foreign participation.
- However, as of 2007, Chinese Malaysians dominate the professions of accountants, architects and engineers while Indian Malaysians dominate the professions of veterinarians, doctors, lawyers and dentists well exceeding their respective population ratios compared to Bumiputera.



NEP Benchmarks	1970	1990	2004
Bumiputera equity	2.4% (RM477m)	19.3% (RM20.9b)	18.7% (RM73.2b)
Overall poverty	52%	17.1%	5%
Rural poverty	59%	21.8%	11%
Household income	RM660	RM1,254	RM2,996



**Table B.1: GDP by State and Population by State and Race,
West Malaysia, 1965**

	Malay share of pop.(%)	GDP per cap.(\$)	Population by Race (in '000)				Total
			Malay	Chinese	Indian	Others	
<i>Four Northern States</i>	80	459	1688	269	103	40	2100
Terengganu	92	449	350	23	5	1	378
Kelantan	91	369	620	38	8	13	679
Perlis	76	536	91	21	2	4	118
Kedah	68	518	627	187	88	23	925
<i>Three Southern States</i>	51	762	1095	833	161	44	2133
Pahang	55	985	243	146	31	5	425
Johore	50	729	645	525	97	31	1298
Malacca	50	638	207	162	33	8	410
<i>Four Western States</i>	35	1085	1510	2014	681	103	4308
Negeri Sembilan	42	901	216	204	77	13	510
Perak	40	891	658	713	240	26	1637
Selangor	30	1493	419	668	274	48	1409
Penang	29	870	217	429	90	16	752
<i>Total West Malaysia</i>	50	850	4293	3116	945	187	8541



Table 8.8: Incidence of Poverty in Malaysia (%), 1957-2004

Year	Area (% of households)		
	Rural	Urban	Overall
1957	59.6	29.7	51.2
1970*	58.7	21.3	49.3
1980	39.5	16.3	32.1
1990	21.1	7.1	16.5
1993	18.6	5.3	13.5
1995	14.9	3.6	8.7
1997	10.9	2.1	6.1
1998	37.7	12.6	29.2
1999	45.8	17.5	37.4
2000	21.1	7.1	16.5
2001	14.9	3.6	8.7
2002	11.4	2.0	5.1
2003	12.4	3.4	7.5
2004	11.9	2.5	5.7

Sources : EPU, The Malaysian Economy in Figures (various issues)

: Malaysia Plan (various issues)

: Economic Report (various issues)

Notes : * refers to Peninsular Malaysia only

: Incidence of poverty refers to households with monthly gross income below poverty line less income



Table 8.9: Incidence of Hardcore Poverty in Malaysia (%), 1985-2004

Year	Area (% of households)		
	Rural	Urban	Overall
1985	9.3	2.4	6.9
1990	5.2	1.3	3.9
1995	3.6	0.9	2.1
1997	2.5	0.4	1.4
1999	3.6	0.5	1.9
2000	5.2	1.3	3.9
2001	3.6	0.9	2.1
2002	2.5	0.4	1.4
2003	2.4	0.5	1.4
2004	2.9	0.4	1.2

Sources : EPU, The Malaysian Economy in Figures (various issues)

: Economic Report (various issues)

Note : Hardcore poverty refers to households with monthly gross income of less than the food poverty line income



**Table 4.14: Households Mean Incomes by Ethnic Group 1957 to 1987
(Peninsular Malaysia)**

(([RM])\$ per month and as percentage of Malay Mean Income)

	1957/58		1967/68		1970		1984		1987	
	{RM}\$	%	\$	%	\$	%	\$	%	\$	%
All Ethnic Groups	199	138	217	167	264	153	1095	129	1074	124
Bumiputra	144	100	130	100	172	100	852	100	868	100
Chinese	272	189	321	247	394	229	1502	176	1430	165
Indian	217	151	253	195	304	177	1094	128	1089	125
Others	<i>n.a.</i>	<i>n.a.</i>	839	645	813	473	2454	288	2886	332

Source: For years to 1970: Sudhir Anand, *Inequality and Poverty in Malaysia – Measurement and Decomposition*, Oxford University Press, 1983, p. 30. For years 1984 and 1987: *Mid-Term Review of the Fifth Malaysia Plan 1986-1990*, pp. 42-3.



Table 8.10: Incidence of Poverty and Hardcore Poverty by Ethnic Groups, 1999 and 2004

Type	1999			2004		
	Bumiputras	Chinese	Indians	Bumiputras	Chinese	Indians
Hardcore Poverty	2.9	0.2	0.3	1.9	0.1	0.3
Urban	0.7	0.1	0.2	0.7	< 0.05	0.2
Rural	4.4	0.4	0.5	3.3	0.3	0.5
Overall Poverty	12.4	1.2	3.5	8.3	0.6	2.9
Urban	5.1	0.8	2.4	4.1	0.4	2.4
Rural	17.5	2.7	5.8	13.4	2.3	5.4

Sources : Ninth Malaysia Plan 2006-2010

: Economic Planning Unit, Department of Statistics – Household Income Surveys, 1999 and 2004



Table 8.2: Mean Monthly Gross Household Income Distribution among Ethnic Groups in Malaysia for Selected Years, 1957-2004

Year	The mean monthly income (RM)				
	Overall	Bumiputra	Chinese	Indian	Others
1957	207	134	288	228	n.a.
1967	226	154	329	245	n.a.
1970	261	172	394	304	n.a.
1979	417	492	938	756	n.a.
1984	695	852	1,502	1,094	n.a.
1987	834	868	1,430	1,089	2,886
1989	973	931	1,582	1,201	3,446
1990	1,167	940	1,631	1,289	955
1995	2,020	1,604	2,890	2,140	1,284
1997	2,606	2,038	3,738	2,896	2,244
1999	2,472	1,984	3,456	2,702	1,371
2002	3,011	2,376	4,279	3,044	2,165
2004	3,249	2,711	4,437	3,456	2,312

Sources: Department of Statistics, Yearbook of Statistics Malaysia (various issues)
: MOF, Economic Report (various issues)
: Malaysia Plan (various issues)
: Mid-Term Review of the Eight Malaysia Plan (2003)
: Roslan (2001)



Table 8.4: Income Disparity Ratio between Ethnic Groups in Malaysia for Selected Years

	Chinese-Malays	Malays-Indians	Chinese-Indians
1957	2.15	1.70	1.26
1967	2.14	1.59	1.34
1970	2.29	1.76	1.29
1984	1.76	1.28	1.37
1990	1.73	1.37	1.26
1995	1.80	1.33	1.35
1999	1.74	1.36	1.27
2002	1.80	1.28	1.41
2004	1.64	1.27	1.28

Sources : Own Computation from Malaysia Plan (various issues)
 : Mid-Term Review of the Eighth Malaysia Plan (2003)



Table 8.1: Overall Gini Coefficient in Malaysia, 1957-2004

Year	Overall
1957	0.412
1967	0.444
1970	0.502
1976	0.529
1979	0.493
1984	0.480
1987	0.458
1990	0.446
1995	0.456
1997	0.458
1998	0.468
1999	0.443
2000	0.452
2001	0.450
2002	0.461
2004	0.462

Sources: Malaysia Plan (various issues)
: Mid-Term Review of the Eighth Malaysian Plan (2003)
: Department of Statistics – Household Income Surveys



Table 4.3: Population Movements by Ethnic Group

	<i>Population (in thousands)</i>				<i>Growth (% per year)</i>		
	<i>1970</i>	<i>1980</i>	<i>1985</i>	<i>1988</i>	<i>1985/70</i>	<i>1985/80</i>	<i>1988/85</i>
Peninsular Malaysia	9,182	11,442	12,981	13,959	2.34	2.56	2.45
Bumiputra	4,841	6,325	7,349	8,050	2.80	3.05	3.08
Chinese	3,285	3,869	4,243	4,435	1.72	1.86	1.47
Indian	981	1,172	1,306	1,386	1.93	2.22	2.00
Other	73	75	83	88	0.86	2.05	1.97
<i>Total Malaysia</i>	n.a.	13,764	15,682	16,921	n.a.	2.64	2.57
Bumiputra,	n.a.	8,098	9,432	10,354	n.a.	3.10	3.16
Chinese	n.a.	4,419	4,860	5,092	n.a.	1.92	1.57
Indian	n.a.	1,172	1,306	1,387	n.a.	2.19	2.03
Other	n.a.	74	83	88	n.a.	2.32	1.97

Source: *Social Statistics Bulletin 1987*, Table 1.1, for 1970; *Yearbook of Statistics 1988*, Table 3.6, for 1980-88.



Table 4.10: Ethnic Distribution of Employment in Selected Sectors of the Economy (percentages)

Sector	Ethnic Group	Year		
		1985	1988	1990
Agriculture	Bumiputra	75.0	75.2	75.2
	Chinese	15.5	15.1	15.1
	Indians	8.8	9.1	9.1
Manufacturing	Bumiputra	45.8	41.6	44.0
	Chinese	42.8	49.0	45.3
	Indians	10.9	9.1	10.3
Construction	Bumiputra	42.2	42.7	42.9
	Chinese	51.0	49.9	49.1
	Indians	5.8	6.3	6.8
Transport	Bumiputra	52.4	52.1	52.0
	Chinese	33.9	34.3	34.6
	Indians	13.0	13.0	12.8
Commerce	Bumiputra	36.4	35.0	34.7
	Chinese	55.2	57.7	57.7
	Indians	7.8	6.7	7.1
Government	Bumiputra	66.7	68.2	68.2
	Chinese	24.3	22.5	22.5
	Indians	8.5	8.7	8.7
Other services	Bumiputra	66.8	67.7	66.9
	Chinese	24.2	23.1	23.8
	Indians	8.5	8.7	8.7
Total employed	Bumiputra	57.7	56.9	56.6
	Chinese	32.6	33.7	33.6
	Indians	9.0	8.7	9.1

Note: The Table is composed from Table 3.9 in the *Mid-Term Review of the Fifth Malaysia Plan, 1986-90*. 'Other' ethnic employees have been omitted.



Table 4.11: Employment by Occupation and Ethnic Group, 1988
(thousands)

Occupation	Bumiputra	%	Chinese	%	Indian	%
Professional and technical	247	56	237	31	51	12
Administrative and managerial	38	28	89	66	6	5
Clerical	320	55	207	36	51	9
Sales	245	36	385	58	40	6
Service	415	59	213	30	70	10
Agricultural production	1439	76	315	17	137	7
Other production	756	46	706	43	178	11
Total	3462	57	2052	34	533	9

Note: 'Other' ethnic groups are excluded from the Table but not from the totals on which the percentages are calculated.



Table 4.12: Membership of Registered Professionals by Ethnic Group 1988

Profession	Bumiputra	%	Chinese	%	Indian	%	Total
Architects	192	22	676	76	14	2	888
Accountants	514	10	4,079	82	315	6	4,980
Engineers	4,895	29	10,512	63	885	5	16,626
Dentists	307	24	569	45	361	28	1,273
Doctors	1,653	26	2,258	35	2,283	36	6,393
Veterinarians	206	34	145	24	219	36	610
Surveyors	300	35	497	56	45	5	864
Lawyers	504	20	1,249	49	754	29	2,562
Total	8,571	25	19,985	58	4,878	14	34,196

Source: *Mid-Term Review of the Fifth Malaysia Plan*, Table 3-11, p. 67.



**Table 4.13: Ownership and Control of the Corporate Sector 1971 to 1990
as Recorded and (for 1990) Projected**

(Percentages held by ethnic group; figures relate to par values)

	1971	1975	1980	1985	1988	1990
Malaysian residents	38.3	46.7	52.5	74.0	75.4	76.3
<i>Bumiputra individuals</i>	2.6	3.6	4.3	11.7	13.0	13.6
<i>Bumiputra trust agencies</i>	1.7	5.6	8.1	7.4	6.4	6.0
<i>Other Malaysian residents</i>	34.0	37.5	40.1	54.9	56.0	56.7
Foreign residents	61.7	53.3	47.5	26.0	24.6	23.7
Total	100	100	100	100	100	100

Source for 1971, 1975 and 1980: *Fourth Malaysia Plan*, Table 3.13, p. 62.

Source for 1985, 1988 and 1990: *Mid-Term Review of the Fifth Malaysia Plan*, Table 3-12, p. 70



Table 1.2: Selected Indicators of Quality of Life, 1970-2005

Indicator	1970	1990	2000	2001	2002	2003	2004	2005
Life expectancy (in years):								
• Male	61.6	68.9	70.2	70.2	70.2	70.3	71.1	71.5
• Female	65.6	73.5	75.0	75.2	75.6	75.9	75.9	76.2
Infant mortality rate/ 1000 live births	39.4	13.0	6.6	5.7	6.5	5.8	6.5	6.3
Doctor-Population ratio (person)	4,302	2,581	1,413	1,487	1,406	1,377	1,402	1,387
Literacy rate (%)	58.0	85.0	93.8	93.9	94.0	95.0	95.1	n.a.
Telephone fixed line/ 1000 population	17	131	261	201	195	183	172	166
Utilities* :								
Pipe water (% of population)	48	81	92.0	92.7	93.2	93.0	93.6	95.0
Electricity (% of households)	44	80	89.5	90.9	91.4	91.5	92.7	92.9

Sources : Economic Planning Unit (EPU), The Malaysian Economy in Figures (various issues)

: * Mid-Term Review of Eighth Malaysia Plan (2003)

: Monthly Statistical Bulletin Malaysia (various issues)

Note : n.a. denotes not available



Table 1.10: Corporate Equity Ownership* (% Total)

Item	1990	1995	1999	2000	2002	2004	Growth rate 2001-2004
Bumiputra (indigenous)	19.3	20.6	19.1	18.9	18.7	18.9	12.3
Non-Bumiputra:	46.8	43.4	40.3	41.3	43.2	40.6	11.8
Chinese	45.5	40.9	37.9	38.9	40.9	39.0	12.4
Indians	1.0	1.5	1.5	1.5	1.5	1.2	5.6
Others	0.3	1.0	0.9	0.9	0.8	0.4	-10.5
Foreigners	25.4	27.7	32.7	31.3	28.9	32.5	13.5
Nominee Companies	8.5	8.3	7.9	8.5	9.2	8.0	10.9
TOTAL (% Total)	100.0	100.0	100.0	100.0	100.0	100.0	-
TOTAL (RM billion)	108.4	179.8	310.1	332.4	390.8	529.7	-

Sources : EPU, The Malaysian Economy in Figures (various issues)

: Ninth Malaysia Plan 2006-2010

Note : * exclude government holdings (except trust agencies)

Table 8.13: Malaysia: Percentage of Employment by Sector, 1970-2010

Sector	1970	1975	1980	1985	1990	1995	2000	2005	2010
Agriculture, hunting, forestry and fishing	53.5	47.6	39.7	31.3	26.0	19.0	15.3	12.9	11.1
Mining & quarrying	2.6	2.2	1.7	0.8	0.6	0.5	0.4	0.4	0.4
Manufacturing	8.7	11.1	15.7	15.2	19.9	25.7	27.7	28.8	30.0
Construction	2.7	4.1	5.6	7.6	6.3	8.9	8.1	7.0	6.4
Services:									
Transport, storage and communications	4.0	4.5	4.3	4.3	4.5	5.0	5.0	5.8	5.9
Finance, insurance, real estate and business services	0.8	1.0	1.6	3.5	3.9	4.7	5.4	6.7	6.9
Government services: Public administration, education	12.1	12.9	13.7	14.6	12.7	11.0	10.6	9.7	9.3
Other services	15.6	16.6	17.7	22.7	26.1	25.2	27.6	28.8	30.0
Total Employed ('000)	3339.5	4019.5	4816.9	5624.6	6621.0	7999.2	9271.2	10,892.9	11,976.0

Sources : Department of Statistics, Labour Force Survey Report (various issues)

: BNM, Monthly Statistical Bulletin Malaysia (various issue)

: Ninth Malaysia Plan 2006-2010

Note : Other services include electricity, gas and water, wholesale and retail trade, restaurants and hotels





2. NATIONAL DEVELOPMENT POLICY

- ▶ The NEP came to an end in 1990, and this was followed by the National Development Policy (NDP) for the period 1990 – 2000.
- ▶ The NDP was the continuation of the NEP to promote balanced economic growth; specifically to strike an optimum balance between the goals of economic growth and equity; and reduce social and economic inequality, ultimately eliminating imbalances within ethnicity.
- ▶ This policy focused on 'balanced development' within the framework of rapid growth as its primary thrust.
- ▶ The NDP contained several new dimensions that entailed shifting the focus of the anti-poverty strategy towards eradication of hardcore poverty while reducing relative poverty, emphasizing employment creation, greater reliance on the private sector in the restructuring objective and refining human resource development to upgrade the development of productive labor force.



- ▶ In addition, it aimed to promote a more equitable economic growth by all Malaysians, ensure greater welfare to citizens, promote positive spiritual and social values and patronize science and technology-based development that entailed the building of knowledge-based technologies that pursued economic development.
- ▶ The government shifted the input driven growth, which created a high capital-output to productivity-driven strategy ratio to generate a high total factor production (TFP) and larger output, which was indicated by the outward shift to higher growth path and a further shift of the production possibility frontier (PPF).
- ▶ As the productivity factor increased, the standard of living also rose.



- Since technological change is the fruit of research and development (R&D), investment in R&D was given much priority and less dependence was placed on traditional factors of production to improve productivity.
- National Development Policy (NDP), 1991-2000
 - MP6 (1991-1995)
 - MP7 (1996-2000)
- NDP continues the NEP objectives and strategies to create national unity.
- Its broad objectives:
 - To eradicate poverty regardless of race, restructure the society and achieve balanced development.
 - To strengthen sustainable development – social equity, quality of life, political stability and to inculcate positive social spiritual values.







NATIONAL VISION POLICY (NVP)

- ▶ National Vision Policy (NVP), 2001 - 2010
 - MP8 (2001-2005)
 - MP9 (2006-2010)

- ▶ The new century began with the launch of the National Vision Policy (NVP) for the current period 2001 - 2010.
- ▶ This period covered two Malaysia Plans – Eighth and Ninth Malaysia Plan.
- ▶ NVP incorporates key strategies of its predecessor policies, the NEP and NDP while encapsulating new policy dimensions.
- ▶ These dimensions include developing Malaysia into a knowledge-based society, generating endogenously-driven growth, and achieving at least 30 per cent Bumiputera participation by 2010.



- ▶ In line with this objective, the OPP3 has been introduced to continue the Government's policies on poverty eradication and equitable wealth distribution, with greater emphasis of the distributional policy to achieve effective Bumiputera participation.
- ▶ On the other hand, the 15-year period of the Third Industrial Master Plan (IMP3) from 2006 – 2020 is to strengthen the development of the manufacturing sector as it will focus on producing higher value-added products using the latest technologies.
- ▶ The NVP is parallel-aligned with the themes and the thrusts of building a resilient and competitive nation and has a clear cut distinction to materialize national unity as its overriding objective.



- Objectives of the NVP

- Establish a progressive and prosperous Malaysian race.
- Improve productivity by enhancing the contribution of TFP to reduce the cost of production.
- Achieve domestic demand driven growth.
- Reduce import intensity and increase service receipts to maintain balance of payment position.
- Emphasize manufacturing and servicing sector.
- Maintain low rate of inflation and price stability.
- Achieve surplus in public sector account.
- Reasonable domestic savings.



Box 3-1

Key Results, 2006-2007

Commitment	Output		
<i>Poverty Eradication</i>			
		2004 (%) 2007 (%)	
<ul style="list-style-type: none"> ▪ Eradicating hardcore poverty and reducing overall poverty to 2.8% by 2010 	Incidence of Hardcore Poverty		
	Peninsular Malaysia	0.7	0.3
	Sabah	6.5	3.7
	Sarawak	1.1	0.7
	Malaysia	1.2	0.7
	Urban	0.4	0.3
	Rural	2.9	1.4
	Incidence of Overall Poverty		
	Peninsular Malaysia	3.6	2.3
	Sabah	23.0	16.0
	Sarawak	7.5	4.2
	Malaysia	5.7	3.6
	Urban	2.5	2.0
	Rural	11.9	7.1
	Notes: The average poverty line incomes (PLI) for 2007: RM720 in Peninsular Malaysia, RM960 in Sabah and RM830 in Sarawak. For hardcore poverty, the PLIs were RM430, RM540 and RM520, respectively. Different sets of PLIs were used for urban and rural areas		
<ul style="list-style-type: none"> ▪ Improving access to credit facilities ▪ Providing financial assistance and training to Indian youth 	<ul style="list-style-type: none"> ▪ Micro-credit facilities extended to 162,701 by <i>Amanah Ikhtiar Malaysia</i> (AIM) and 2,160 by <i>Yayasan Usaha Maju</i> (YUM) Sabah ▪ Financial assistance extended through <i>Skim Pembangunan Usahawan Muda India</i> (YEIDS) under <i>TEKUN Nasional</i> amounting to RM3 million ▪ A total of 6,260 Indian youth trained 		



<i>Income Distribution</i>				
<ul style="list-style-type: none"> Reducing income gaps among ethnic groups as well as between rural and urban areas 	Malaysia/ Ethnic Group and Strata	Mean Income (In Current Prices, RM)		Growth Rate (% p.a)
		2004	2007	
	Bumiputera	2,711	3,156	5.2
	Chinese	4,437	4,853	3.0
	Indian	3,456	3,799	3.2
	Others	2,312	3,651	15.5
	Malaysia	3,249	3,686	4.3
	Urban	3,956	4,356	3.3
	Rural	1,875	2,283	6.8
		Disparity Ratio		
	Bumiputera:Chinese	1:1.64	1:1.54	
	Bumiputera:Indian	1:1.27	1:1.20	
	Rural:Urban	1:2.11	1:1.91	



Commitment	Output							
	Gini Coefficient							
	Bumiputera	0.452	0.430					
	Chinese	0.446	0.432					
	Indian	0.425	0.414					
	Others	0.462	0.545					
	Malaysia	0.462	0.441					
	Urban	0.444	0.427					
	Rural	0.397	0.388					
	Sabah/Ethnic Group	Mean Income (RM)	Growth Rate (% p.a)	Sarawak/Ethnic Group	Mean Income (RM)	Growth Rate (% p.a)		
		2004	2007		2004	2007		
	Malay	2,779	3,089	3.6	Malay	2,717	3,503	8.8
	Kadazandusun	2,037	2,401	5.6	Iban	1,725	2,243	9.2
	Bajau	1,824	2,250	7.2	Bidayuh	1,769	2,723	15.5
	Murut	1,638	2,063	8.0	Melanau	2,341	2,858	6.9
	Other Bumiputera	1,707	2,259	9.8	Other Bumiputera	2,146	2,564	6.1
	Chinese	4,248	4,745	3.8	Chinese	4,254	4,768	3.9
	Others	3,665	3,133	-5.1	Others	2,819	4,996	21.0



<i>Ownership Restructuring</i>					
<ul style="list-style-type: none"> Attaining Bumiputera equity ownership between 20% to 25% by 2010 	Ownership Group	2004		2006	
		<i>RM million</i>	<i>(%)</i>	<i>RM million</i>	<i>(%)</i>
	Bumiputera	100,037.2	18.9	120,387.6	19.4
	Individual	79,449.9	15.0	93,982.2	15.1
	Institution	11,890.7	2.2	16,039.6	2.6
	Trust Agencies	8,696.6	1.7	10,365.8	1.7
	Non-Bumiputera	214,972.8	40.6	273,214.4	43.9
	Chinese	206,682.9	39.0	263,637.8	42.4
	Indian	6,392.6	1.2	6,967.8	1.1
	Others	1,897.3	0.4	2,608.8	0.4
	Nominee	42,479.1	8.0	41,185.7	6.6
	Foreigners	172,279.6	32.5	187,045.8	30.1
	Total	529,768.7	100.0	621,833.5	100.0
<p>Notes: The estimation takes into account about 680,000 active companies from Companies Commission of Malaysia (CCM). In estimating the equity ownership, par value was used as it covers all companies, listed and non-listed, registered with CCM as compared to the market value which is available only for listed companies in <i>Bursa Malaysia</i>. The Government shares in companies, including Government-linked companies (GLCs), were excluded in the estimation</p>					
<ul style="list-style-type: none"> Increasing participation in unit trust schemes among Bumiputera in Sabah and Sarawak 		2004		2007	
	<i>State</i>	<i>No. of Investors ('000)</i>	<i>RM million</i>	<i>No. of Investors ('000)</i>	<i>RM million</i>
	Sabah	808	3,551.5	861	5,179.0
	Sarawak	694	3,862.3	753	5,431.6



Commitment	Output						
<ul style="list-style-type: none"> ▪ Providing opportunities to the Indian community to participate in selected unit trust schemes ▪ Expanding ownership in non-financial assets 	<ul style="list-style-type: none"> ▪ Investment of the Indian community in <i>Permodalan Nasional Berhad</i> (PNB) increased by 128% from RM262.4 million in 2004 to RM598.9 million in 2007 						
						2007 (%)	
	<i>Type of Building</i>	<i>Bumiputera</i>	<i>Chinese</i>	<i>Indian</i>	<i>Others</i>	<i>Total</i>	
	Building	15.7	75.7	4.3	4.3	100.0	
	One Floor	24.9	69.0	3.8	2.3	100.0	
	Two Floor	13.8	78.5	4.2	3.5	100.0	
	Three Floor	14.3	75.8	3.6	6.3	100.0	
	More Than Three Floor	8.6	79.2	5.7	6.5	100.0	
	Business Complex	29.2	61.9	2.9	6.0	100.0	
	Industrial Premise	3.5	87.2	1.5	7.8	100.0	
Hotel	20.8	54.0	2.7	22.5	100.0		
	Total	15.0	76.1	3.8	5.1	100.0	



<i>Employment Restructuring</i>							
<ul style="list-style-type: none"> Restructuring of employment pattern to reflect ethnic composition of the population 	<i>Profession</i>	<i>2005 (%)</i>			<i>2007 (%)</i>		
		<i>Bumiputera</i>	<i>Chinese</i>	<i>Indian</i>	<i>Bumiputera</i>	<i>Chinese</i>	<i>Indian</i>
	Accountant	21.5	73.0	4.9	23.5	71.4	4.9
	Architect	45.3	53.1	1.4	46.2	52.1	1.5
	Doctor	38.1	31.2	27.4	43.8	28.2	20.2
	Dentist	44.4	35.3	18.4	46.5	34.5	16.9
	Engineer	46.0	47.6	5.4	46.2	46.0	5.3
	Lawyer	38.0	37.1	24.1	39.0	36.5	23.5
	Surveyor	48.2	47.0	3.2	50.5	44.7	3.2
	Veterinary Surgeon	39.0	32.2	24.8	43.3	34.1	22.5



Table 4-1

Health Personnel: Population Ratio, 2005 and 2007

<i>Type of Personnel</i>	<i>Number</i>		<i>Ratio to Population</i>	
	<i>2005</i>	<i>2007</i>	<i>2005</i>	<i>2007</i>
Doctors ¹	20,105	23,738	1 : 1,300	1 : 1,145
Dentists ¹	2,751	3,163	1 : 9,497	1 : 8,586
Pharmacists ¹	4,012	5,730	1 : 6,512	1 : 4,742
Nurses ¹	44,120	48,196	1 : 592	1 : 556
Medical Assistants ¹	6,709	7,948	1 : 3,894	1 : 3,419
Dental Technicians ²	655	684	1 : 39,889	1 : 39,728
Dental Surgery Assistants ²	2,355	2,632	1 : 11,094	1 : 10,324
Community Nurses ²	15,618	16,883	1 : 1,673	1 : 1,610
Dental Nurses ²	2,071	2,319	1 : 12,616	1 : 11,718
Occupational Therapists ²	301	405	1 : 86,802	1 : 67,096
Physiotherapists ²	468	576	1 : 55,828	1 : 47,177
Radiographers ²	1,156	1,375	1 : 22,602	1 : 19,763
Medical Laboratory Technologists ²	3,302	3,684	1 : 7,913	1 : 7,376

Notes: ¹ Includes public and private sectors.
² Refers to the ratio in Ministry of Health.